

**CERCLA Financial Assurance Financial Test:
Sample CPA Report (for Test Alternative 1)**

[CPA Letterhead]

**Independent Accountants' Report
on Applying Agreed-Upon Procedures**

To the Board of Directors and Management of []:

We have performed the procedures outlined below, which were agreed to by [PRP] (the "Company"), to assist the Company in confirming selected financial data contained in the attached letter from [], the Company's Chief Financial Officer, dated [], to the Regional Administrator, United States Environmental Protection Agency, Region [] (the "CFO Letter"). We have been advised by the Company that the CFO Letter has been or will be submitted to the United States Environmental Protection Agency ("EPA") in support of the Company's use of a financial test to demonstrate financial assurance for the Company's obligations under that certain Consent Decree (the "Consent Decree"), dated _____, _____, Docket No. [], between the Company and EPA. The procedures outlined below were performed solely to assist the Company in complying with the financial assurance requirements contained in the Consent Decree.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our associated findings are as follows:

1. We confirm that we have audited the consolidated financial statements of the Company as of and for the fiscal year ended [December 31, 200_] in accordance with U.S. generally accepted accounting principles (such audited, consolidated financial statements, the "Audited Financials"). Our report dated [], with respect thereto, is included in the Company's [200_] Annual Report on Form 10-K.
2. Using data set forth in the Audited Financials, we calculated the amount of the Company's total liabilities as of [December 31, 200_] as [\$ _____], by [adding total current liabilities of [\$ _____] to total non-current liabilities of [\$ _____]]. We compared the amount of the Company's total liabilities as so calculated with the amount set forth in Line 6(B) of the CFO Letter ("Total Liabilities"), and found such amounts to be in agreement.

3. Using data set forth in the Audited Financials, we calculated the amount of the Company's tangible net worth as of [December 31, 200_] as [\$_____], by [subtracting the amount of net intangible assets of [\$_____] from the amount of total stockholders' equity of [\$_____]]. We compared the amount of the Company's tangible net worth as so calculated with the amount set forth in Line 6(C) of the CFO Letter ("Tangible Net Worth"), and found such amounts to be in agreement.
4. We compared the amount of the Company's net worth as of [December 31, 200_], as defined and set forth in the Audited Financials and as calculated therein as [\$_____], with the amount set forth in Line 6(D) of the CFO Letter ("Net Worth"), and found such amounts to be in agreement.
5. We compared the amount of the Company's total current assets as of [December 31, 200_], as defined and set forth in the Audited Financials and as calculated therein as [\$_____], with the amount set forth in Line 6(E) of the CFO Letter ("Current Assets"), and found such amounts to be in agreement.
6. We compared the amount of the Company's total current liabilities as of [December 31, 200_], as defined and set forth in the Audited Financials and as calculated therein as [\$_____], with the amount set forth in Line 6(F) of the CFO Letter ("Current Liabilities"), and found such amounts to be in agreement.
7. Using data set forth in the Audited Financials, we calculated the amount of the Company's net working capital as of [December 31, 200_] as [\$_____], by [subtracting total current liabilities of [\$_____] from total current assets of [\$_____]]. We compared the amount of the Company's net working capital as so calculated with the amount set forth in Line 6(G) of the CFO Letter ("Net Working Capital"), and found such amounts to be in agreement.
8. Using data set forth in the Audited Financials, we calculated the sum of the Company's net income plus depreciation, depletion, and amortization as of [December 31, 200_] as [\$_____], by [adding depreciation, depletion, and amortization of property and intangibles of [\$_____] to net income of [\$_____]]. We compared the sum of the Company's net income plus depreciation, depletion, and amortization as so calculated with the amount set forth in Line 6(H) of the CFO Letter ("Net Income Plus Depreciation, Depletion, and Amortization"), and found such amounts to be in agreement.

9. We compared the amount of the Company's total assets located in the United States as of [December 31, 200_] of [\$_____] (as such amount was derived by the Company from its underlying accounting records that support the Audited Financials and notified to us in writing) with the amount set forth in Line 6(I) of the CFO Letter, and found such amounts to be in agreement. **OR** We calculated the percentage of Company assets located in the United States as of [December 31, 200_] by dividing the amount of the Company's total assets located in the United States of [\$_____] (as such amount was derived by the Company from its underlying accounting records that support the Audited Financials and notified to us in writing) by the amount of the Company's total assets as defined and set forth in the Audited Financials, and found such percentage to be greater than 90%.

10. Our calculation of the amount of the Company's tangible net worth (as set forth in Line 3 above) is [greater to or equal than] [less than] \$10 million.

11. The dollar amount identified in Line 6(A) of the CFO Letter is hereinafter referred to as the "Financial Assurance Amount." Our calculation of the amount of the Company's tangible net worth (as set forth in Line 3 above) is [greater to or equal than] [less than] an amount calculated as six times the Financial Assurance Amount.

12. Our calculation of the amount of the Company's net working capital (as set forth in Line 7 above) is [greater to or equal than] [less than] an amount calculated as six times the Financial Assurance Amount.

13. [Complete Line 13 only if less than 90% of Company's assets are located in the United States] Our calculation of the amount of the Company's total assets located in the United States (as set forth in Line 9 above) is [greater to or equal than] [less than] an amount calculated as six times the Financial Assurance Amount.

14. Our calculation of the amount of the Company's total liabilities (as set forth in Line 2 above) divided by our calculation of the amount of the Company's net worth (as set forth in Line 4 above) is [greater than] [less than] 2.0.

15. Our calculation of the sum of the Company's net income plus depreciation, depletion, and amortization (as set forth in Line 8 above) divided by our calculation of the amount of the Company's total liabilities (as set forth in Line 2 above) is [greater than] [less than] 0.1.

16. Our calculation of the amount of the Company's total current assets (as set forth in Line 5 above) divided by our calculation of the amount of the Company's total current liabilities (as set forth in Line 6 above) is [greater than] [less than] 1.5.

The foregoing agreed-upon procedures do not constitute an audit of the Company's financial statements or any part thereof, the objective of which is the expression of

opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Management of the Company and is not intended to be and should not be used by anyone other than these specified parties; provided, however, that we acknowledge and agree that the Company may provide this report to the United States Environmental Protection Agency in support of the Company's financial assurance demonstration under the Consent Decree.

_____ [Signature]

_____ [Name]

_____ [Date]

**CERCLA Financial Assurance Financial Test:
Sample CPA Report (for Test Alternative 2)**

[CPA Letterhead]

**Independent Accountants' Report
on Applying Agreed-Upon Procedures**

To the Board of Directors and Management of [_____]:

We have performed the procedures outlined below, which were agreed to by [PRP] (the "Company"), to assist the Company in confirming selected financial data contained in the attached letter from [_____], the Company's Chief Financial Officer, dated [_____], to the Regional Administrator, United States Environmental Protection Agency, Region [] (the "CFO Letter"). We have been advised by the Company that the CFO Letter has been or will be submitted to the United States Environmental Protection Agency ("EPA") in support of the Company's use of a financial test to demonstrate financial assurance for the Company's obligations under that certain Consent Decree (the "Consent Decree"), dated _____, _____, Docket No. [_____], between the Company and EPA. The procedures outlined below were performed solely to assist the Company in complying with the financial assurance requirements contained in the Consent Decree.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our associated findings are as follows:

1. We confirm that we have audited the consolidated financial statements of the Company as of and for the fiscal year ended [December 31, 200_] in accordance with U.S. generally accepted accounting principles (such audited, consolidated financial statements, the "Audited Financials"). Our report dated [_____], with respect thereto, is included in the Company's [200_] Annual Report on Form 10-K.
2. Using data set forth in the Audited Financials, we calculated the amount of the Company's tangible net worth as of [December 31, 200_] as [\$ _____], by [subtracting the amount of net intangible assets of [\$ _____] from the amount of total stockholders' equity of [\$ _____]]. We compared the amount of the Company's tangible net worth as so calculated with the amount set forth in Line 6(C) of the CFO Letter ("Tangible Net Worth"), and found such amounts to be in agreement.

3. We compared the amount of the Company's total assets located in the United States as of [December 31, 200_] of [\$_____] (as such amount was derived by the Company from its underlying accounting records that support the Audited Financials and notified to us in writing) with the amount set forth in Line 6(D) of the CFO Letter, and found such amounts to be in agreement. **OR** We calculated the percentage of Company assets located in the United States as of [December 31, 200_] by dividing the amount of the Company's total assets located in the United States of [\$_____] (as such amount was derived by the Company from its underlying accounting records that support the Audited Financials and notified to us in writing) by the amount of the Company's total assets as defined and set forth in the Audited Financials, and found such percentage to be greater than 90%.

4. Our calculation of the amount of the Company's tangible net worth (as set forth in Line 2 above) is [greater to or equal than] [less than] \$10 million.

5. The dollar amount identified in Line 6(A) of the CFO Letter is hereinafter referred to as the "Financial Assurance Amount." Our calculation of the amount of the Company's tangible net worth (as set forth in Line 2 above) is [greater to or equal than] [less than] an amount calculated as six times the Financial Assurance Amount.

6. [Complete Line 6 only if less than 90% of Company's assets are located in the United States] Our calculation of the amount of the Company's total assets located in the United States (as set forth in Line 3 above) is [greater to or equal than] [less than] an amount calculated as six times the Financial Assurance Amount.

The foregoing agreed-upon procedures do not constitute an audit of the Company's financial statements or any part thereof, the objective of which is the expression of opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Management of the Company and is not intended to be and should not be used by anyone other than these specified parties; provided, however, that we acknowledge and agree that the Company may provide this report to the United States Environmental Protection Agency in support of the Company's financial assurance demonstration under the Consent Decree.

_____ [Signature]

_____ [Name]

_____ [Date]